



Robert S. Peters
Secretary

COMMONWEALTH OF KENTUCKY
PERSONNEL CABINET
200 FAIR OAKS LANE
5TH FLOOR
FRANKFORT, KENTUCKY 40601

Paul E. Patton
Governor

August 29, 1997

PERSONNEL MEMO 97-9

MEMORANDUM

TO: Cabinet Secretaries
Agency Heads
Personnel Executives

FROM: Robert S. Peters
Secretary

A handwritten signature in cursive script, appearing to read "RSP", positioned to the right of the "FROM:" line.

SUBJECT: PERSONNEL BUDGET PROJECTIONS - FY 1999-2000

Once again, it is time to begin budget preparations. The Personnel Cabinet has developed personnel cost projections for your use in meeting the requirements of the **Branch Budget Request Manual** in terms of the Current Services expenditures.

Personnel projection reports, including a detail report and a summary report for each year of the next biennium, FY 98-99 and FY 99-2000, will be sent to your Personnel Office. Attached you will find the criteria used in making these salary projections. The reports are broken down organizationally, by position number. The records used to make the estimates will be the August 1, 1997 personnel complement (filled positions only). No additions or deletions will be processed in this projection unless there are significant problems detected such as a major organizational omission, miscalculation, or assumption error. Positions that are filled prior to October 15 with employees who are displaced because of Empower Kentucky initiatives should be manually added to your base calculations.

The reports described above are to assist you with Current Services budget requests. These reports can be produced by fund and program code. If this sequence better suits your budgeting needs, submit a request to Commissioner Joan Walker, Department for Personnel Administration, Room 530, 200 Fair Oaks Lane, Frankfort, Kentucky 40601, and the report will be rerun.

Personnel Budget Projections - FY 1999-2000

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Critical vacant positions which are essential to maintaining current service levels may be included in the budget request as expansion items. A listing of vacant positions is available upon request to Commissioner Walker.

On or prior to October 15, the Personnel Cabinet will supply the same detail and summary reports to the Legislative Research Commission's Budget Review Office.

RSP/JMW:bjw

Attachment

cc: Governor's Office for Policy and Management
Budget Directors

COMPUTER PROGRAM TO PROJECT COSTS FOR VARIOUS CATEGORIES OF PERSONNEL EXPENDITURES

The budget program projects personnel costs for an agency for the current fiscal year (or remainder of it, whichever is applicable) and for the next two fiscal years. The procedures used in calculations reflect actual costs. If actual costs are not known, the assumptions in the budget instructions are used. Questions or problems concerning the program should be referred to Commissioner, Department for Personnel Administration (564-2428).

The details of the specific assumptions used in calculations are as follows.

ITEM	ASSUMPTION
Minimum Wage Change Effective September 1, 1997	Employees whose hourly rate is less than \$5.15/hour (except tipped Serving Attendants in Parks) will have the new minimum wage of \$5.15/hour used as the beginning rate for projection purposes.
Vacant Positions	<p>The annual salary for a vacant position is calculated using the entry salary of the pay grade for that job class. Each vacant position then has the "filled" position assumptions applied to arrive at the position costs. For example, a vacant permanent full-time position will use 12 months times 162.5 hours per month in the cost calculation. The increment cost calculation for a permanent full-time vacant position assumes an increment is awarded after the six-month probationary period, then the same annual increments as other permanent and FFTL full-time positions; same process for permanent part-time vacants.</p> <p>Retirement (KERS rate), health and life insurance rates as shown below are assumed for all vacants except temporary, full and part; FFTL part; scholarship; co-ops; seasonal part-time.</p>
Permanent Full-Time, and Probationary Full-Time	<p>Annual salary is calculated one of two ways. If the employee is salaried, the annual salary is the monthly salary times twelve. If the employee is hourly, the annual salary is the hourly rate times 1,950 hours per year.</p> <p>Hourly positions for which the payroll record reflects a 40-hour week will have the annual salary calculated by multiplying hourly rate times 2,080 hours.</p>
Permanent Part-Time and Probationary Part-Time	<p>Annual salary is calculated one of three ways. If the employee is salaried, the annual salary is the monthly salary times twelve. If the employee is hourly and the code indicates "100 or more hours per month", the annual salary is the hourly rate times 1,950 hours per year. Hourly positions for which the payroll record reflects a 40-hour week will have the annual salary calculated by multiplying hourly rate times 2,080 hours. If the employee is hourly and the code indicates "less than 100 hours per month", the annual salary is the hourly rate times 1,200 hours per year.</p>

ITEM	ASSUMPTION
CATEGORIES COMPRISING FULL-TIME EQUIVALENT POSITIONS (FTE)	FTE positions are defined to equate to 1,950 hours in a fiscal year. These positions are itemized by the number of qualified units per individual position class. Annual cost increases of 3% are calculated for FTE positions. This percentage is not related to the annual increment.
Temporary Full-time	Salary is calculated based on 6 months times 162.5 hours per month, if hourly. If salaried, monthly rate times 6 is used.
Temporary Part-time	Hourly employee's salary is calculated based on 6 months times 100 hours per month if code=L; 6 months times 162.5 if code=P. If salaried, monthly rate times 6 is used.
Seasonal Full-time Less than 9 Months	Hourly employee's salary is calculated based on 9 months times 162.5 hours per month. Salaried employee's salary is calculated based on monthly rate times 9.
Seasonal Part-time Less than 9 Months	Hourly employee's salary is calculated based on 9 months times 100 hours per month if code=L; 9 months times 162.5 if code=P. If salaried, monthly rate times 9 is used.
Seasonal Full-time More than 9 Months	Hourly employee's salary is calculated based on 11 months times 162.5 hours per month. Salaried employee's salary is calculated based on monthly rate times 11.
Seasonal Part-time More than 9 Months	Hourly employee's salary is calculated based on 11 months times 100 hours per month if code=L; 11 months times 162.5 if code=P. If salaried, monthly rate times 11 is used.
Scholarship	Hourly employee's salary is calculated based on 600 hours per year. If salaried, monthly rate times 3.75 is used.
Cooperative Ed.	Hourly employee's salary is calculated based on 900 hours per year. If salaried, monthly rate times 6 is used.
FFTL Full-time and FFTL Part-time	<p>A budgeted FFTL position is considered a permanent position if the agency anticipates continued federal assistance during each fiscal year; these projections assume this to be the case unless an agency requests otherwise.</p> <p>Annual salary is calculated one of two ways. If the employee is salaried, the annual salary is the monthly salary times twelve. If the employee is hourly, the annual salary is the hourly rate times 1,950 hours per year.</p> <p>Hourly positions for which the payroll record reflects a 40-hour week will have the annual salary calculated by multiplying hourly rate times 2,080 hours.</p>

ITEM	ASSUMPTION								
<p>FRINGE AND OTHER PERSONNEL OVERHEAD COST FACTORS</p> <p>Annual Increments</p>	<p>Increment costs are calculated at 5% of gross salary. The calculation is based on when the money is paid (e.g., August 1 results in 10½ months at the higher rate). Permanent full- and part-time employees without an increment date (e.g., constitutional officers, cabinet secretaries, board/commissioner members) are assigned an increment date of July 1. Any fraction of increment is always rounded up. Increment costs are only calculated on probationary full- and part-time, permanent full- and part-time, and FFTL full- and part-time employees. Increases of 3% are calculated for FTE positions, by multiplying mid-point rate for that job class times the assumed hours/months indicated earlier.</p> <p>A factor of 5% as of January 1, 1998, 1999 and 2000 is calculated for projection purposes for constitutional officers eligible for an inflation indexed salary increment under current statutes. These employees are the eight elected officials in the Executive Branch. [See KRS 64.480 (2) (3) (4)]. In the UPPS System, Commonwealth Attorneys (TC=0121) and County Attorneys (TC=0372) fall into this category also. These people in 31030 have January 1 increment date. The rest of the staff in 31030 has July 1 date assumed.</p>								
<p>Probationary Increments</p>	<p>Probationary increments are figured per usual process (i.e., 5% after 6 months). Initial probationary increments are calculated at 5%. 5% is also calculated for employees who have a promotional increase date.</p>								
<p>FICA and/or Medicare</p>	<p>FICA is calculated using</p> <ul style="list-style-type: none"> 7.65% with a maximum salary of \$65,400 and an additional 1.45% on the balance for calendar 1997 7.65% with a maximum salary of \$68,100 and an additional 1.45% on the balance for calendar 1998 7.65% with a maximum salary of \$70,800 and an additional 1.45% on the balance for calendar 1999 7.65% with a maximum salary of \$73,500 and an additional 1.45% on the balance for calendar 2000 <p>Medicare is calculated using 1.45% of the above stated maximums. Employees whose record indicates Medicare only (generally, TRS members hired after April 1, 1986) will have this calculation applied.</p> <p>NOTE: Employee contributions to Retirement are excluded from FICA and Medicare calculations. The employee contribution is calculated using the following current rates:</p> <table data-bbox="619 1247 900 1377"> <tr> <td>KERS</td><td>5%</td></tr> <tr> <td>Teachers</td><td>9.855%</td></tr> <tr> <td>Hazardous</td><td>7%</td></tr> <tr> <td>State Police</td><td>7%</td></tr> </table>	KERS	5%	Teachers	9.855%	Hazardous	7%	State Police	7%
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Retirement	<p>Retirement is calculated based on current contribution rate times the salary plus the increment. Retirement costs are calculated for all probationary, permanent and FFTL employees. Retirement costs were projected for all seasonal employees whose record shows them as currently paying retirement. The following table shows the employer-share retirement rates used for filled positions:</p> <table><tr><td><u>Retirement Program</u></td><td><u>FY 97-98</u></td><td><u>FY 98-99</u></td><td><u>FY 99-2000</u></td></tr><tr><td>KERS Non-Hazardous</td><td>8.89%</td><td>9.24%</td><td>9.61%</td></tr><tr><td>KERS Hazardous</td><td>17.87%</td><td>18.21%</td><td>18.56%</td></tr><tr><td>Teachers</td><td>13.105%</td><td>13.105%</td><td>13.105%</td></tr><tr><td>State Police</td><td>26.58%</td><td>27.45%</td><td>28.37%</td></tr></table>	<u>Retirement Program</u>	<u>FY 97-98</u>	<u>FY 98-99</u>	<u>FY 99-2000</u>	KERS Non-Hazardous	8.89%	9.24%	9.61%	KERS Hazardous	17.87%	18.21%	18.56%	Teachers	13.105%	13.105%	13.105%	State Police	26.58%	27.45%	28.37%
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Health & Life Insurance	<p>Health and life insurance costs are calculated for all eligible employees. This will include FFTL employees [See KRS 18.410(2)].</p> <table><tr><td></td><td><u>FY 97-98</u></td><td><u>FY 98-99</u></td><td><u>FY 99-2000</u></td></tr><tr><td>Health & Life Insurance composite monthly rate</td><td>194.65</td><td>205.00</td><td>216.00</td></tr></table>		<u>FY 97-98</u>	<u>FY 98-99</u>	<u>FY 99-2000</u>	Health & Life Insurance composite monthly rate	194.65	205.00	216.00												
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Other Assumptions	<p>No maximum salaries are assumed for purposes of this report. All dollar figures are rounded according to standard rounding rules (.5 or more rounds up). Title codes below 1000 do not have a pay grade, thus the agency must develop its own list of projections for vacant positions with these title codes. Agencies may, if desired, submit a list of these positions numbers (including cabinet/department number) showing the monthly salary that applies.</p>																				

ITEM	ASSUMPTION
COSTS <u>NOT</u> CONSIDERED IN THESE PROJECTIONS:	<ol style="list-style-type: none"> 1. Worker's Compensation or Unemployment Insurance expenses. 2. Employee turnover rates are not accounted for in projecting costs. 3. Reclassifications, promotions, or other pay structure changes are not considered. 4. Emergency and Per-Diem positions or employees. 5. Non P-1 "Vacant" positions and employees are not included in these projections. 6. No overtime costs or shift differential premiums are considered. 7. Units whose payrolls are processed by the Division of Employee Records for whom personnel cost projections are not done: County Fees System, PVAs, AOC, and National Guard.